



# The Federation of Telangana Chambers of Commerce and Industry

(Formerly known as FTAPCCI)

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*Empowering Industry, Commerce & Trade*  
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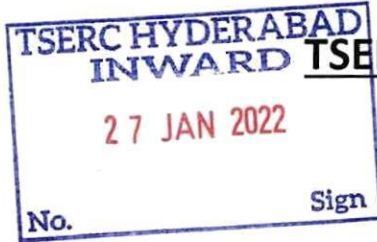
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## TSERC - State Advisory Committee Meeting

28/01/2022

### Gist of Objections of FTCCI against the ARR Petitions for FY 2022-23 filed by Telangana State Electricity Distribution Companies (TS DISCOMs)

#### **A. Power Purchase Cost:**

##### **1. TSGENCO Thermal Power Stations:**

- i. From Annexure – XX of TSSPDCL's Reply to Additional Information on Aggregate Revenue Requirement & Tariff Proposals for FY 2022-23, it can be observed that the actual Plant Availability Factor (PAF) of TSGENCO Stations have mostly been above 80% in the last five years. However, the generation in FY 2022-23 has been projected at or less than 80% in respect of KTPS D, KTPS Stage VI, RTS B, Kakatiya TPP Stage I and Kakatiya TPP Stage II Stations (Average PAF was 90.40% for KTPS D and 84.17% for RTS Bin previous five years). The projected PAF in FY 2022-23 ought to be considered at 85% instead of 80% for these plants, which is the norm set by the CERC Tariff Regulations, 2019.
- ii. The Petitioner in the Sheet titled PP Assumptions in Annexure XI to its Reply to Additional Information on Aggregate Revenue Requirement & Tariff Proposals for FY 2022-23, has submitted that it has considered Fixed Cost as per Apr-Aug (as per actuals), Sept-Mar (as per TSGENCO projections) for KTPS D, KTPS Stage VI, RTS B, Kakatiya TPP Stage II Stations and KTPS VII.
- iii. Further, it is submitted that the Availability-linked Fixed Charges ought to be limited, considering the Fixed Charges as approved by the Hon'ble Commission in its latest TSGENCO Tariff Order dated instead of the escalations made by the Petitioner. The latest TSGENCO Tariff Order was issued on 05.06.2017 and the Fixed Charges approved for FY 2018-19 ought to be considered in the absence of any GENCO Order approved for FY 2022-23. It can be observed from the following table that the Petitioners have deviated from this approach:

Station	Fixed Cost approved in TSGENCO Tariff Order dt. 05.06.2017 (page no. 53)	Fixed Cost as per claimed by Petitioner
	INR Crore	INR Crore
<b>TSGENCO Thermal</b>		
KTPS D	286.27	392.05
KTPS Stage VI	514.04	518.11
RTS B	54.49	122.09
Kakatiya Thermal Power Plant Stage II	757.70	847.17
KTPS VII*	622.22	1,178.66

\*Note: The AFC for KTPS VII has been considered as Rs. 622.22 as twice the Fixed Cost approved at page 75 of the TS Discoms Retail Supply Order dated 27.03.2018 for FY 2018-19. This has been taken as twice since the Fixed Cost approved by the Hon'ble Commission was for an availability of only 6 months for KTPS VII as can be observed from page 179 of the TS Discoms Retail Supply Order dated 27.03.2018 for FY 2018-19.

- iv. Further, in the case of BTPS Unit(7361.10 MU), it can be observed that the Petitioners have claimed an arbitrary increase of more than 10% in the variable charges as per actuals of FY 2020-21 and Fixed Charges considered for the months of operation after CoD. It is pointed out that the last coal price hike by Coal India Ltd. was in 2018. In view of the same, the escalation considered by them is not tenable and ought to be disallowed.

## 2. TSGENCO Hydel Power Stations:

- v. From the Sheet titled PPCact in Annexure XI to its Reply to Additional Information on Aggregate Revenue Requirement & Tariff Proposals for FY 2022-23, the Petitioner has recorded that the Estimated Energy Availability and Energy Dispatch from Hydel Power Stations is 4921 MUs for FY 2021-22, while for FY 2022-23, the same has been projected as 4000 MUs. Further, it is observed that despite projecting a fall in the energy despatch of the Hydel Stations, the Petitioners have proposed an increase in Fixed Charges by Rs. 171 Crores.
- vi. The availability from hydro stations has been estimated at 4921 MUs in the Objector's assessment scenario. Such increase of 921 MUs would offset expensive power procurement (explained later).

## 3. Central Generation Stations:

- vii. The Petitioner in the Sheet titled PP Assumptions in Annexure XI to its Reply to Additional Information on Aggregate Revenue Requirement & Tariff Proposals for FY 2022-23, has submitted that it has considered Fixed Cost as follows:  
NTPC (SR) - I & II, NTPC (SR) Stage III, Talcher Stage 2 and NPTC Simhadri Stage I: Apr-Aug (as per actuals), Sept-Mar - FY 19 FC (as per CERC Tariff Order) escalated by growth rate (FY 19 vs FY 18)
- viii. Further, it is submitted that the Availability-linked Fixed Charges ought to be limited, considering the Fixed Charges as approved by the Hon'ble CERC in its latest Tariff Orders instead of the escalations made by the Petitioner. It is to be noted that the Fixed Charges approved for FY 2018-19 ought to be considered in the absence of any CERC Order approved for FY 2022-23. It can be observed from the following table that the Petitioners have deviated from this approach:

Station	Fixed Cost approved in Tariff Order (INR Crore)	Source
NTPC (SR) - I & II	1,061.23	Page No. 36 of CERC Order dated 24.01.2017 in Petition No. 292/GT/2014
NTPC (SR) Stage III	290.82	Page No. 41 of CERC Order dated 17.11.2021 in Petition No. Petition No: 444/GT/2020
Talcher Stage 2	1,007.23	Page No. 44 of CERC Order dated 16.02.2017 in Petition No. 293/GT/2014
NTPC Simhadri Stage I	661.99	Page No. 25 of CERC Order dated 27.06.2016 in Petition No. 270/GT/2014

Station	Fixed Cost approved in Tariff Order	Telangana Share	Net Availability as projected by Petitioner	Normative Plant Availability Factor as per CERC	Fixed Cost as per Petitioner	Fixed Cost as per Objector's Assessment
	INR Crore	%	%	%	INR Crore	INR Crore
	A	B	C	D	E	F: if C>=D, F=A*B if C<D, F=A*B*(C/D)
NTPC (SR) – I & II	1,061.23	16.45%	95.38%	85.00%	188.60	174.57
NTPC (SR) Stage III	290.82	17.34%	101.32%	85.00%	57.15	50.43
Talcher Stage 2	1,007.23	10.72%	93.08%	85.00%	117.79	107.98
NTPC Simhadri Stage I	661.99	53.89%	93.73%	85.00%	478.57	356.75

- ix. Further, the Petitioners have considered Power Purchase of 3,499.63 MUs for Rs. 1,585.33 Crores (Rs. 4.53/kWh) from Telangana STPP (Phase I). The Petitioner has not submitted any details with respect to the project construction progress pertaining to the Telangana STPP (Phase I) to back up its claims towards such high power purchase quantum and rate. It is not clear whether the Hon'ble Commission has approved the fixed charge claimed by the Petitioner or not.
- x. The Objector has not considered any power purchase from Telangana STPP (Phase I) and has instead offset such power purchase quantum from TSGENCO Hydel (921 MUs) and Additional Short Term Power Purchase of 2,578.56 MUs at average DAM market price (FY 2020-21) of Rs. 2.82/kWh.

#### 4. Other Stations:

- xi. In the case of Singareni CCL I, the Petitioners have projected an increase in Variable Charge Rate by 14% for FY 2022-23 over the actuals of FY 2020-21. It is pointed out that the Petitioners have not submitted any data to justify such arbitrary escalation. In view of the same, the escalation considered by them is not tenable and ought to be disallowed.

#### 5. Short Term Power Purchase and D-D Sales:

- xii. The Petitioner has considered procurement of 2393 MU at an average rate of Rs. 3.85/kWh to meet seasonal shortages. Most of the shortages projected by the Discoms are in the months of August, December, January, February and March, which are the lean demand seasons where prices at power exchanges are typically lower.
- xiii. The projected surplus months of Telangana are typically the shortage months for NR (Northern) States and the projected shortage months of Telangana are typically the surplus months of NR States. Discoms should enter into banking contracts with NR States to avoid burden on the consumers.
- xiv. Notwithstanding the above, the average rate of Rs. 3.85/kWh considered by the Discoms is significantly on the upper side. As has been mentioned earlier, the actual average rate of power in power exchange in FY 2020-21 was Rs. 2.82/kWh. The Objector has used the actual monthly DAM MCP for FY 2020-21 and actual monthly RTM MCP for FY 2020-21 for arriving at the Short Term Power Purchase Cost. The effect of the same is reflected in the D-D purchase cost as well.

#### 6. Surplus Power:

- xv. The Petitioners have estimated 5459 MUs as surplus power which is estimated to be sold at an average price of Rs. 2.90/kWh. Revenue from such surplus power (Rs. 1581 Crores) has not been subtracted from the Power Purchase Cost.

### **B. Distribution Cost:**

- xvi. The following directives were given in the distribution MYT order dt. 29.04.2020 by Hon'ble Commission:

#### ***"2. Annual Performance Review***

*The Commission directs the DISCOMs to file the Performance Review (true-up) for each year of 4th Control Period before 31st December of the following year. As a first step, the DISCOMs shall file the Annual Performance Review for FY 2019-20 by 31.12.2020.*

#### ***3. True-up for 1st, 2nd and 3rd Control Periods***

*The Commission directs the DISCOMs to submit their true-up claims along complete details sought regarding the capitalisation claimed for each year of the 1st, 2nd and 3rd Control Periods in the Petitions to be filed for Annual Performance Review for FY 2019-20. The DISCOMs are also directed to submit the requisite supporting documents such as Physical Completion Certificates (PCCs), Financial Completion Certificates (FCCs) etc. as mandated in the investment approval guidelines.*

The Commission directs the DISCOMs to make a detailed submission regarding the differential treatment of GoTS under the UDAY scheme and likely consequences of the same in the Petitions to be filed for Annual Performance Review for FY 2019-20. The Commission directs the DISCOMs to submit the details of long-term loans viz., loans availed for capital expenditure, taken over by GoTS under UDAY scheme in the Petitions to be filed for Annual Performance Review for FY 2019-20.

#### **4. Computation of depreciation in accordance with CERC (Terms and Conditions of Tariff) Regulations, 2019**

The Commission directs the DISCOMs to submit the computations of depreciation for each year of 4th Control Period in accordance with the provisions of the CERC Tariff Regulations, 2019 in Annual Performance Review for each year of 4th Control Period.

#### **5. Capital Investments**

The DISCOMs shall seek approval for individual schemes at least 90 days undertaking the investment in accordance with the Guidelines for Investment Approval. The individual schemes/ projects submitted by the DISCOMs for Commission's approval must provide complete details including those relating to the cost and capitalisation for each year of 4th Control Period.

Considering the importance of capitalisation of works, the Commission lays down the following requirements to be fulfilled before accepting inclusion of the value of capitalised work in the Original Cost of Fixed Assets (OCFA):

- a. On completion of a capital work, a physical completion certificate (PCC) to the effect that the work has been fully executed, physically, and the assets created are put in use, to be issued by the concerned engineer not below the rank of Superintendent Engineer.
- b. The PCC shall be accompanied or followed by a financial completion certificate (FCC) to the effect that the assets created have been duly entered in the fixed assets register by transfer from the Capital Works in Progress (CWIP) register to OCFA. The FCC shall have to be issued by the concerned finance officer not below the rank of Senior Accounts Officer.
- c. The above mentioned certificates have to be submitted to the Commission within 60 days of completion of work, at the latest.

The Commission may also inspect or arrange to inspect, at random, a few of the capitalised works included in the OCFA to confirm that the assets created are actually being used and are useful for the business."

- xvii. None of the above directives have been complied with, by the Discoms.
- xviii. In light of above, the Objector submits that the Hon'ble Commission may reprimand the Discoms and issue a directive of disallowance or withholding of 30% of its Distribution cost on the account of non-adherence to MYT Regulations and non-compliance with Directives.

### **C. PGCIL & ULDC Charges:**

- xix. As per the PGCIL charges computation provided by TSSPDCL & TSNPDCL in their Annexures – IX & XVIII respectively, the applicable capacity considered for the calculation

of POC charges is cumulatively 4669 MW for FY 2022-23 for the State of Telangana. It is observed from the SRPC RTA & RTDA account for the billing month of January, 2022 that the current actual allocated capacity is to the tune of 4304.91 MW. The Objector has computed the transmission charges considering the current actual capacity of 4304.91 MW instead of 4669 MW considered by the Discom.

- xx. The Petitioners have claimed Rs. 12 Crores under the head of STOA charges as per the Annexures IX & XVIII submitted as part of their Additional Information responses. It is submitted that as per the Hon'ble CERC's "Sharing of Inter-State Transmission Charges and Losses Regulations, 2020 in STOA Collective and Bilateral Transactions", *no transmission charges for Short Term Open Access for inter-State transmission system, shall be payable by a distribution licensee which has Long Term Access or Medium Term Open Access or both, or by a trading licensee acting on behalf of such distribution licensee*. Pursuant to the said Regulations, it is prayed that the Hon'ble Commission may disallow claim of Rs. 12 Crores made by the Petitioners.

#### **D. Non-Tariff Income**

- xxi. The Discoms have claimed NTI towards Retail Supply Business to the tune of Rs. 65.60 Crores and Rs. 62.51 Crores for FY 2020-21 and FY 2022-23, respectively. It is the observation of the Objector that the Discoms have understated Non-Tariff Incomes in comparison to the figures recorded in the Audited Accounts of the Discoms. As per the Audited Accounts of FY 2020-21, the NTI booked for Retail and Distribution Business is Rs. 2089.13 Crores while the NTI for Distribution Business as approved in the Distribution MYT Order dated 01.03.2021, is Rs. 608.79 Crores – which indicates that the balance amount of 1480.34 Crores is attributable to the Retail Supply Business.
- xxii. Assuming the overall NTI on the basis of the Audited Accounts of FY 2020-21 and the Distribution NTI on the basis of Distribution MYT Order, the Objector has estimated Rs. 1,377.20 Crores as NTI for both Discoms for FY 2022-23 for Retail Supply Business.
- xxiii. It is respectfully submitted that the Hon'ble Commission should align the Non-Tariff incomes strictly in line with the audited accounts and reduce it from the ARR being approved.

#### **E. Sales Projection**

- xxiv. Arbitrary escalation has been considered by the Discoms for projecting the sales for FY 2021-22 (H2) and FY 2022-23. For categories, such as LT I – Domestic, HT 33 kV, the growth is taken equal to or more than 7% while the 1-year, 2-year, 3-year, 4-year and 5-year CAGR is not more than 5%. Even as per the CEA<sup>1</sup>, the Electrical Energy Requirement is projected to increase at a CAGR of 4.42% for the period FY 2021-22 to FY 2026-27 for Telangana under the Optimistic scenario.

<sup>1</sup>Pg120,

[https://cea.nic.in/old/reports/others/planning/pslf/Long\\_Term\\_Electricity\\_Demand\\_Forecasting\\_Report.pdf](https://cea.nic.in/old/reports/others/planning/pslf/Long_Term_Electricity_Demand_Forecasting_Report.pdf)

xxv. The connected load for LT V – Agricultural consumers is increasing Y-o-Y, as shown in table below; however, the energy sales are decreasing.

FY	TSSPDCL		TSNPDCL	
	Connected Load (HP)	Sales (MU)	Connected Load (HP)	Sales (MU)
2018-19	5522130	12637.78	5733821	8200
2019-20	5668800	10818.39	5906250	7138
2020-21	5898650	11744.84	6095822	7903
2021-22	6198700	11647.65	6416837	7837
2022-23	6448700	11181.74	6737852	7524

## F. Govt. of Telangana Subsidy

xxvi. The Petitioner has not given any calculation or justification for the subsidy claimed for FY 2022-23. Also, the subsidy for FY 2022-23 is equivalent to the subsidy for FY 2021-22 even though the cost of service has gone up. The Objector submits that the subsidy requirement for LT I and LT V categories should be based on the projected sales of respective categories and the Average cost of supply. As per the Objector, the subsidy receivable from Govt. of Telangana for FY 2022-23 is of the tune of Rs. 8,089.32 Crores for TSSPDCL and Rs. 5,128.05 Crores for TSNPDCL.

**Table 1 Subsidy requirement for TSSPDCL**

Consumer Categories	Energy Sales	ACoS computed by Objector	Cost to Serve	Projected Revenue Assessment	Subsidy Requirement
	MU	Rs./kWh	Rs. Crore	Rs. Crore	Rs. Crore
	A	B	$C = A \times B / 10$	D	$E = C - D$
LT (Domestic)	9,883.53	6.07	5,996.00	4,632.45	1,363.55
LT Agriculture	11,181.74	6.07	6,783.59	57.82	6,725.76
<b>Total</b>	<b>21,065.27</b>		<b>12,779.59</b>	<b>4,690.27</b>	<b>8,089.32</b>

**Table 2: Subsidy requirement for TSNPDCL**

Consumer Categories	Energy Sales	ACoS computed by Objector	Cost to Serve	Projected Revenue Assessment	Subsidy Requirement
	MU	Rs./kWh	Rs. Crore	Rs. Crore	Rs. Crore
	A	B	$C = A \times B / 10$	D	$E = C - D$
LT (Domestic)	4,258.99	5.79	2,465.61	1,637.35	828.26
LT Agriculture	7,523.81	5.79	4,355.67	55.88	4,299.79
<b>Total</b>	<b>11,782.80</b>		<b>6,821.28</b>	<b>1,693.23</b>	<b>5,128.05</b>

## G. Proposed Tariff Hike

xxvii. The Telangana Discoms have proposed a significant hike in the tariff of all categories (except agriculture). The Objector submits that the State Government is free to provide subsidised or free power to any class of consumers. However, it should provide full and commensurate subsidy in such cases and there is no occasion to subsidise the cost of supplying free power / subsidised power by imposing the burden on the industrial

consumers through cross subsidy. The Objector submits that the proposed tariff hike increases the Cross-subsidy % beyond the permissible range of  $\pm 20\%$  as per the Tariff Policy, 2016.

Category	As per Petitioner Claim		
	Cross subsidy level @Existing tariff w.r.t. ACoS	Cross subsidy level @Proposed tariff w.r.t. ACoS	Cross subsidy level @Proposed tariff w.r.t. Voltage-wise CoS
HT I -11 kV	13%	34%	41%
HT I – 33kV	4%	29%	59%
HT I – 132 kV	-15%	9%	48%

- xxviii. The Discoms have proposed an average hike of 20% for the HT consumers which will have drastic impact on the industrial activities in the state.
- xxix. The Objector opposes the tariff hike proposed by the Telangana Discoms for the Industrial Category.

## H. Proposed Time of Day Tariff

- xxx. The Petitioner has proposed to reduce the ToD incentive for off-peak hours (10 PM to 6 AM) from Rs.1/unit to Rs.0.50/unit for the applicable categories viz., HT-I Industrial, HT-II Others, HT-III Railways, Bus Stations & Airports and HT-IX EV Charging Stations. However, the Peak hours' charges are the same i.e. Rs. 1/unit. This translates into 29% hike in off-peak energy charges for HT consumers along with the proposed Tariff hike.
- xxxi. TOD is a mechanism for demand side management and not tariff hike.
- xxxii. **Increase in Fixed Tariff of Industrial Consumers**

- The Discoms have proposed tariff hike through increase in fixed and variable cost of the consumers. The Discoms have proposed increase of fixed charges for HT industrial consumer from existing Rs. 390 per KVA per month to Rs. 475 per KVA per month, with simultaneous increase of 1 Rs/unit in variable charge.
- This substantial increase in the fixed cost of the industrial consumer will be detrimental to the growth of the industries and will give a tariff shock to the consumers. The table below provides a comparison of fixed cost of the Telangana states with neighbouring states:

State	Approved Fixed Cost (Rs./ KVA/ Month)
Karnataka	250
Odisha	250
Kerala	340
Tamil Nadu	350
Telangana	390
Maharashtra	454
Andhra Pradesh	475



Further, increase in fixed charges affects the Micro and Small Enterprises sector at a higher proportion than large scale industries as majority of them operate only for one shift or max 2 shifts.

It is further necessary to iterate here that the Hon'ble Commission has recently increased additional surcharge for open access from 52 paisa to 96 paise/ unit i.e. 84% increase at the present levels. Further, the Discoms have again filed petition for determination of additional surcharge for first half of FY 2022-23 and has proposed levy of additional surcharge at Rs. 4.06/ unit, which is more than 300% increase in the existing level of additional surcharge. Thus, while on one hand, the licensee is proposing increase in the fixed charges, on the other hand it is also proposing significant increase in the additional surcharge. The proposed hikes will make the power cost too prohibitive for the industries in the state.

Also, Discom has proposed to levy Facilitation Charges on the open access consumers at Rs. 20,000/- per month for providing open access and to meet the cost being incurred by the Licensee in providing the Open Access facility to the Open Access users.

- 1.1. Since the entire wheeling cost of the distribution licensee is recovered through its wheeling ARR, there is no case for any additional recovery towards facilitating open access. SLDC being the nodal agency for open access is already allowed to recover suitable costs as per the open access regulations of the Hon'ble Commission.
- 1.2. The Hon'ble Commission is thereby requested to outright reject the proposal of Discom for levy of Facilitation Charge.

## I. Proposed Cross Subsidy Surcharge (CSS)

xxxiii. The petitioner has proposed the following Cross Subsidy surcharge for FY 2022-23:

HT - Industry	CrossSubsidySurcharge(Rs./kWh)	
	TSSPDCL	TSNPDCL
11kV	1.91	1.03
33kV	1.70	1.84
132kV	1.55	1.47

xxxiv. As can be inferred from the table above, the petitioner has proposed the CSS for HT consumers (esp. HT Industry- 33kV and 132 kV) above the maximum allowable limit as per the Tariff policy, as shown below:

(All figures in Rs./kWh)

Discom	ACoS as per Objector's Assessment	Max Tariff Payable as per NTP 2016 ( $\pm 20\%$ )	Max CSS allowable
TSSPDCL	6.07	7.28	1.46
TSNPDCL	5.79	6.95	1.39

xxxv. Moreover, The Petitioner has also submitted that:

*"The Tariff Policy 2016 mandates SERCs to determine roadmap for reduction of cross subsidy and bring tariff at +/- 20% Average Cost of Supply, however it restricts Cross Subsidy Surcharge at 20% of the consumer tariff. In case the consumer tariff is more than 120% of Average Cost of Supply, DISCOM will not be able to recover losses through cross subsidy surcharge in case consumer opts for open access. It is essential for SERCs to implement both Para 8.3 -2 and First proviso to para 8.5.1 of the Tariff Policy 2016 simultaneously. If one of the provision could not be implemented due to some reason, the second provision should also not be implanted to that extent" Hence, the licensee humbly requests the Hon'ble Commission not to restrict the Cross Subsidy Surcharge at 20% of tariff payable by the consumer as the tariffs are not within +/-20% Average Cost of Supply. This will enable the licensee in fixing up cross subsidy surcharge without any under recovery.*

xxxvi. In view of the above, the Objector states that the Commission needs to rationalize the tariffs for industrial consumers and should to adhere with the mandate of the Electricity Act and Tariff Policy.

## **J. Additional Surcharge for OA consumers**

- xxxvii. The Petitioner has filed petition before Hon'ble Commission for determination of Additional Surcharge for first Half (H1) of 2022-23 on 29.11.2021 in accordance to the TSERC order in OP No. 23 of 2020 dated 18.09.2020. The Petitioner has estimated revenue from Additional Surcharge considering at Rs.2.34/kWh for H1 & H2 of FY22-23 respectively. It is submitted that these rates are not tenable and nowhere in line with the Additional Surcharge rates approved by the Hon'ble Commission for FY 2021-22 H2 which was Rs. 0.96/kWh and for previous years, which was Rs. 0.52/kWh. It is submitted that the Hon'ble Commission may disallow any arbitrary revenue increase on account of such exaggerated Additional Surcharge rates claimed by the Petitioner.

## **K. Grid Support Charges**

- xxxviii. The Hon'ble APERC, vide its Order dt. 08.02.2002, had approved the levy of GSC @ 50% of the applicable Demand Charges on the differential between the CPP capacity in KVA and the aggregate of the Contracted Minimum Demand (CMD) of the CPP, quantum of power from other sources and also committed export quantum to the Grid, if any. The prevalent Demand Charges at the time were Rs. 170/kVA/Month.
- xxxix. Aggrieved, the matter was taken to the High Court and consequently to the Supreme Court. The Hon'ble Supreme Court, vide its Judgement dated 29.11.2019, upheld the right of the then Hon'ble APERC to approve the levy of GSC. During the pendency of the matter before the Supreme Court, Hon'ble APERC considered the matter of GSC while approving ARR's filed by DISCOMS/TRANSCO however without recognizing any revenue from GSC in the ARR's till FY 2008-09. No orders were issued in this matter.
- xl. The Petitioners, in their instant ARR Petitions for FY 2022-23, have proposed hiked up Demand Charges of Rs. 475/kVA/Month. The Petitioners, have also proposed that GSC should be levied @ 50% of the Demand Charges by the CPPs availing parallel operations. The levy is proposed on the differential between CPP capacity in KVA and the aggregate of CMD of CPP, drawl of power from other sources and committed export quantum.
- xli. It is submitted that the GSC of other states such as Chhattisgarh, Gujarat and Madhya Pradesh, are in the range of Rs. 20-26.50/kVA/Month and the same have been approved only after due prudence check through third party analysis whether the Grid suffers any forbearance in providing parallel operations of CPPs.
- xlii. The Objector submits that the method of computation of GSC proposed by the Petitioners is itself baseless and arbitrary, and the consequent rate is exorbitantly high.
- xliii. In light of the same, it is prayed that the Hon'ble Commission may appoint an independent third party for conducting a thorough study of the grid for the necessity, evaluation and derivation of a reasonable rate towards Grid Support Charges. Till such independent study is conducted and results discussed with stakeholders through a consultation process, the GSC should not be imposed.

## Annexures

### A. Summary of ARR for TSSPDCL for FY 2022-23

*(All figures in Rs. Crores)*

Particulars	Petitioner's Claim	Objector's Assessment	Disallowance
Transmission Cost	2,383.64	2,383.64	-
SLDC Cost	31.67	31.67	-
Distribution Cost	4,670.72	3,269.50	1,401.22
PGCIL & ULDC Expenses	1,160.55	1,062.96	97.59
<b>Network and SLDC Cost (A)</b>	<b>8,246.58</b>	<b>6,747.77</b>	<b>1,498.81</b>
Power Purchase / Procurement Cost	26,411.20	23,469.00	2,942.20
Interest on Consumer Security Deposits	174.75	174.75	-
Supply Margin in Retail Supply Business	37.65	37.65	-
Other Costs if any	-	-	-
<b>Supply Cost (B)</b>	<b>26,623.60</b>	<b>23,681.40</b>	<b>2,942.20</b>
<b>Aggregate Revenue Requirement (A+B)</b>	<b>34,870.18</b>	<b>30,429.17</b>	<b>4,441.01</b>
Non-Tariff Income	33.10	810.02	-776.92
<b>Net Revenue Requirement</b>	<b>34,837.08</b>	<b>29,619.15</b>	<b>5,217.93</b>
<b>Sales (MU)</b>	<b>48,822.80</b>	<b>48,822.80</b>	-
<b>ACoS (Rs./kWh)</b>	<b>7.14</b>	<b>6.07</b>	<b>1.07</b>
<b>Total Revenue</b>			
Revenue at Existing Tariffs (without considering the Government subsidy u/s 65 of the Electricity Act, 2003)	25,708.48	25,708.48	-
<b>Revenue Deficit(-)/Surplus(+) at Current Tariffs</b>	<b>-9,128.60</b>	<b>-3,910.67</b>	<b>-5,217.93</b>
Government Subsidy u/s 65 of the Electricity Act, 2003	1,397.50	8,089.32	-6,691.82
<b>Net gap – Deficit(-)/Surplus(+)</b>	<b>-7,731.10</b>	<b>4,178.65</b>	<b>-11,909.75</b>
Revenue changed through proposed tariff (incl. Cross Subsidy Surcharge & Additional Surcharge)	5,044.27	-	5,044.27
<b>Net gap – Deficit(-)/Surplus(+) after Tariff Hike</b>	<b>-2,686.83</b>	<b>4,178.65</b>	<b>-6,865.48</b>

## B. Summary of ARR for TSNPDCL for FY 2022-23

(All figures in Rs. Crores)

Particulars	Petitioner's Claim	Objector's Assessment	Disallowance
Transmission Cost	1,005.43	1,005.43	-
SLDC Cost	13.23	13.23	-
Distribution Cost	3,601.25	2,520.88	1,080.38
PGCIL & ULDC Expenses	484.45	443.72	40.73
<b>Network and SLDC Cost (A)</b>	<b>5,104.36</b>	<b>3,983.25</b>	<b>1,121.11</b>
Power Purchase / Procurement Cost	13,003.88	11,505.49	1,498.39
Interest on Consumer Security Deposits	49.09	49.09	-
Supply Margin in Retail Supply Business	26.04	26.04	-
Other Costs if any	-	-	-
<b>Supply Cost (B)</b>	<b>13,079.01</b>	<b>11,580.62</b>	<b>1,498.39</b>
<b>Aggregate Revenue Requirement (A+B)</b>	<b>18,183.37</b>	<b>15,563.87</b>	<b>2,619.50</b>
Non-Tariff Income	29.41	567.18	-537.77
<b>Net Revenue Requirement</b>	<b>18,153.96</b>	<b>14,996.69</b>	<b>3,157.27</b>
<b>Sales (MU)</b>	<b>25,904.66</b>	<b>25,904.66</b>	-
<b>ACoS (Rs./kWh)</b>	<b>7.01</b>	<b>5.79</b>	<b>1.22</b>
<b>Total Revenue</b>			
Revenue at Existing Tariffs (without considering the Government subsidy u/s 65 of the Electricity Act, 2003)	10,702.76	10,702.76	-
<b>Revenue Deficit(-)/Surplus(+) at Current Tariffs</b>	<b>-7,451.20</b>	<b>-4,293.93</b>	<b>-3,157.27</b>
Government Subsidy u/s 65 of the Electricity Act, 2003	4,254.15	5,128.05	-873.90
<b>Net gap – Deficit(-)/Surplus(+)</b>	<b>-3,197.05</b>	<b>834.12</b>	<b>-4,031.17</b>
Revenue changed through proposed tariff (incl. Cross Subsidy Surcharge & Additional Surcharge)	1,786.63	-	1,786.63
<b>Net gap – Deficit(-)/Surplus(+) after Tariff Hike</b>	<b>-1,410.42</b>	<b>834.12</b>	<b>-2,244.54</b>

## C. Summary of ARR for Telangana State for FY 2022-23

(All figures in Rs. Crores)

Particulars	Petitioner's Claim	Objector's Assessment	Disallowance
Transmission Cost	3,389.07	3,389.07	-
SLDC Cost	44.90	44.90	-
Distribution Cost	8,271.97	5,790.38	2,481.59
PGCIL & ULDC Expenses	1,645.00	1,506.67	138.33
<b>Network and SLDC Cost (A)</b>	<b>13,350.94</b>	<b>10,731.02</b>	<b>2,619.92</b>
Power Purchase / Procurement Cost	39,415.08	34,974.49	4,440.59
Interest on Consumer Security Deposits	223.84		-
Supply Margin in Retail Supply Business	63.69		-
Other Costs if any	-		-
<b>Supply Cost (B)</b>	<b>39,702.61</b>	<b>34,974.49</b>	<b>4,440.59</b>
<b>Aggregate Revenue Requirement (A+B)</b>	<b>53,053.55</b>	<b>45,705.51</b>	<b>7,060.51</b>
Non-Tariff Income	62.51	1,377.20	-1,314.69
<b>Net Revenue Requirement</b>	<b>52,991.04</b>	<b>44,328.31</b>	<b>8,375.20</b>
<b>Sales (MU)</b>	<b>74,727.46</b>	<b>74,727.46</b>	
<b>ACoS (Rs./kWh)</b>	<b>7.09</b>	<b>5.93</b>	<b>1.16</b>
<b>Total Revenue</b>			
Revenue at Existing Tariffs (without considering the Government subsidy u/s 65 of the Electricity Act, 2003)	36,411.24	36,411.24	-
<b>Revenue Deficit(-)/Surplus(+) at Current Tariffs</b>	<b>-16,579.80</b>	<b>-8,204.60</b>	<b>-8,375.20</b>
Government Subsidy u/s 65 of the Electricity Act, 2003	5,651.65	13,217.37	-7,565.72
<b>Net gap – Deficit(-)/Surplus(+)</b>	<b>-10,928.15</b>	<b>5,012.77</b>	<b>-15,940.92</b>
Revenue changed through proposed tariff (incl. Cross Subsidy Surcharge & Additional Surcharge)	6,830.90	-	6,830.90
<b>Net gap – Deficit(-)/Surplus(+) after Tariff Hike</b>	<b>-4,097.25</b>	<b>5,012.77</b>	<b>-9,110.02</b>

Place - Hyderabad

Date - 27/01/2022